

Testimony of Kevin S. Dietly,  
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*In Support of Senate Bill 312*

March 8, 2016

Good afternoon Chairs Leone and Baram and members of the Committee. My name is Kevin Dietly, Principal at Northbridge Environmental Management Consultants in Westford, Massachusetts. I am here today on behalf of the American Beverage Association and its members who produce and distribute most of the refreshment beverages sold in Connecticut.

I have studied Connecticut's bottle bill for many years along with recycling and deposit programs around the US and globally. I am familiar with the policy issues and debates around this topic as well as the operational side of the programs, since I serve as manager of the Vermont Commingling Group and as the financial analyst for the Maine Commingling Group – both industry cooperatives that manage redemption in those states.

I am here to express the beverage industry's support for the principles behind SB 312 – namely the need to study how best to transition from the overlapping recycling systems that exist today. Connecticut has a legacy container redemption program that increasingly appears an anachronism in the face of developments in multi-material recycling and of society in general. Clearly the funding for such a transition is critical and we would like to offer some perspective on the policy directions surrounding such a transition including what is happening in other states and to discuss funding options in more detail.

We are very pleased to be able to engage with the Legislature as we have in other states to share our expertise and perspective on moving forward with a more progressive agenda as it relates to solid waste management, recycling, and the broader issues of materials management. In the nearly 40 years since the deposit law was enacted in Connecticut, a lot has changed about the waste stream, packaging, materials handling, consumer behavior, and technology. Failing to adapt materials use strategies to keep up with those changes means programs that perform poorly and at higher costs than necessary.

### ***Where We Stand***

Connecticut is one of ten remaining states with forced deposits on selected beverage containers. Each deposit law has its own nuances and the redemption, collection, and implementation of those laws varies not only by state but regionally within states based on circumstances that existed many decades ago. The quirky, creaky underpinnings of these programs engender massive complexity and inefficiency that remain pretty well out of sight of all but those who live with the programs every day. No state has adopted a deposit law since Hawaii in 2001 and prior to that, no state did so since California in 1986. It is fair to say that in the era of modern recycling that began in the late 1980s after the restructuring of the landfill industry is this country, deposit laws fell by the wayside as an attractive policy option, but the legacy programs remained in place.

In 2002 the only municipal deposit program in the US in Columbia, Missouri was repealed by popular vote, with the strong backing of City Hall under the impetus of the Public Works Department that increasingly found the deposit law working at cross-purposes with the City’s efforts to broaden and improve recycling. Recycling rates grew after repeal and no one has ever looked back.

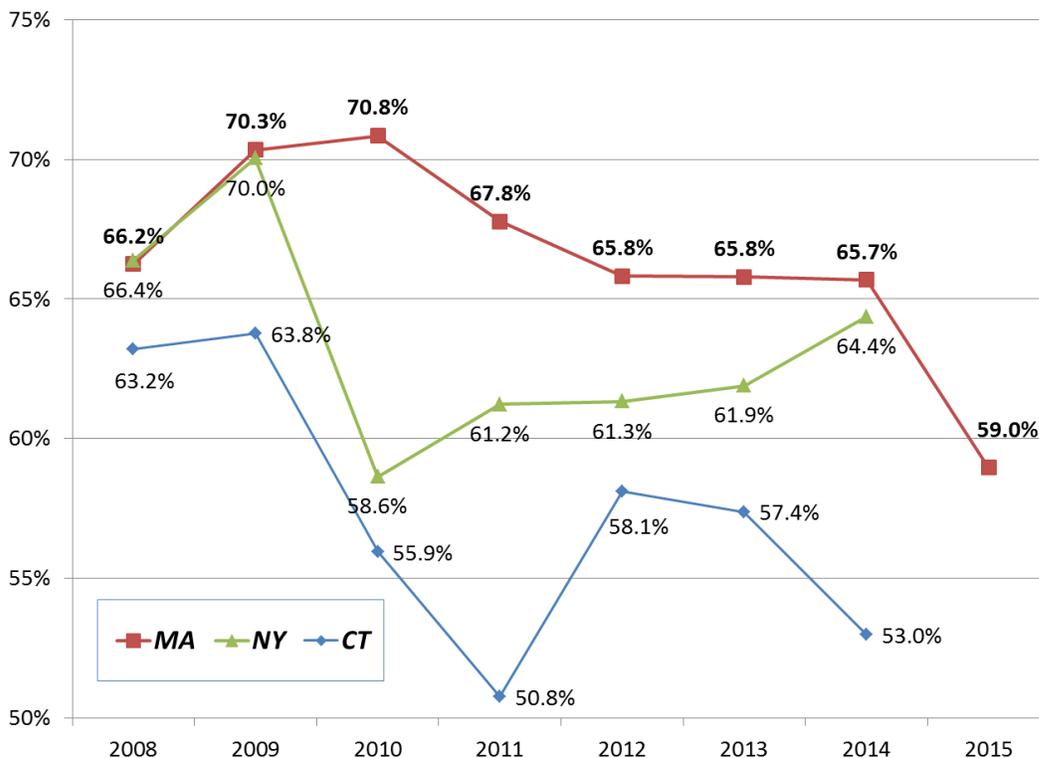
A more relevant change came in Delaware in 2010 when the state enacted the Universal Recycling Act, providing for statewide access to single-stream recycling within a few years, elimination of the container deposit, and a temporary fee on beverage containers to fund the transition – the same funding mechanism described in SB 312. I will discuss more about Delaware and funding later in my remarks.

In 2016 Massachusetts has a legislative committee reviewing H. 646 which would implement new recycling requirements and provide funding for municipalities to enhance their recycling programs while eliminating the container deposit. Serious discussions to the same effect have occurred in Vermont, Iowa, and Hawaii. Questions about the wisdom of maintaining the deposit law have even surfaced in Oregon where the largest newspaper in the state twice editorialized within the last year that it is time to look beyond the state’s famed, first in the nation “bottle bill.”

In our region, redemption rates are declining. Massachusetts saw its largest-ever decline in redemption in 2015, down seven percentage points, although it is still not as low as Connecticut which had a 53 percent redemption rate in 2014 – the lowest in the country (Exhibit 1).

Exhibit 1

### Recent Redemption Rates in CT, MA, and NY



In short, Connecticut is in good company in realizing the time for keeping the redemption system in place may be past.

### ***Better Approaches: Other Recycling Policies and Legislation***

State-level policy discussions about recycling are still rarer than they should be, but several states have made profound changes in their approach to solid waste and recovery in recent years and these are worth highlighting:

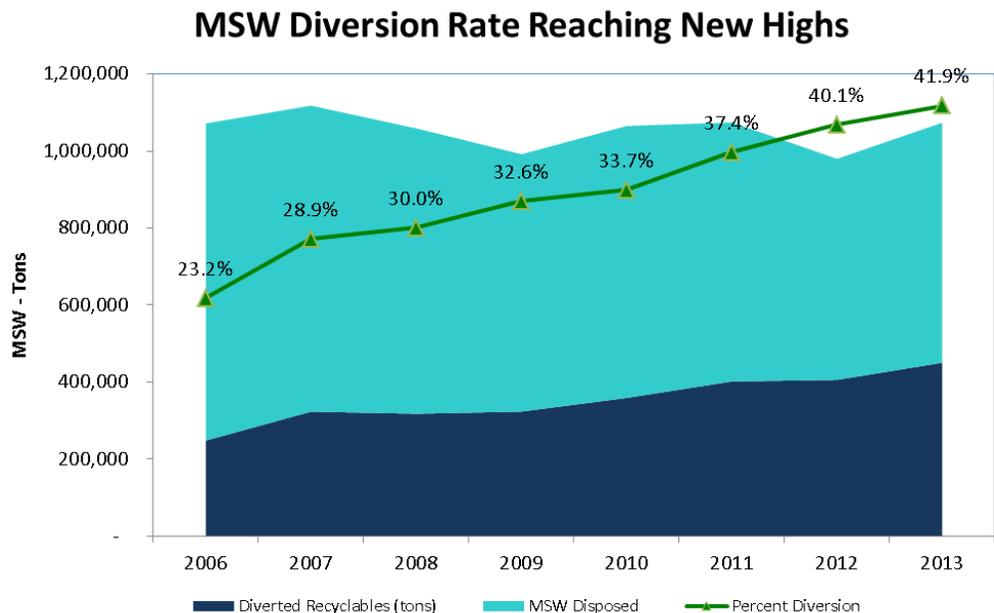
- Delaware’s decision in 2010 to scrap its deposit law and invest in its comprehensive recycling infrastructure – a decision that has proven quite successful
- Vermont’s Act 148 law mandating parallel collection of recyclables and organics statewide by 2020
- Minnesota research revealing opportunities in its existing recycling system and the staggering burden that a new forced deposit system would impose on the state

### **Delaware’s Universal Recycling Act**

In 2010, the legislature passed the Universal Recycling Act, it was signed by the Governor, and a new era in recycling began. Senate Bill 234 abolished the state’s failing beverage container deposit program and created a program ensuring universal access to recycling statewide beginning with single family households, then multi-family units, and, as of January 1, 2014, commercial establishments. All waste haulers in the state must offer their customers free single-stream recycling service with the costs embedded in trash fees. Among other investments, the state has seen \$16 million in new capital spending and now has the ability to process all in-state recyclables locally.

Delaware offers a lesson in the benefits of greater access to recycling, use of best practices, funding, and leadership. Exhibit 2 shows what has happened to municipal solid waste (MSW) recycling rates in Delaware over the last five years. No other state has seen recycling rates move up to this degree over this

*Exhibit 2*



period; Delaware will probably not meet the ambitious goal of 50 percent diversion of municipal solid waste by 2015, but it will be close and is moving upwards like no other state.

### **Vermont Act 148**

Act 148 passed in 2012 requires parallel access to recycling statewide – at home and away from home. It also tackles organic waste and would ban all recyclables and organics from disposal by the end of the decade. This is an aggressive and progressive approach to state-wide legislation that is worth examining as a model for Connecticut. Vermont’s goals, however, are foundering because the legislation did not provide funding for making the transition from the current situation to the future state. So the state is missing deadlines for implementation.

### **Minnesota Research**

Two recent research reports in Minnesota are relevant to the policy discussion. While Minnesota already has one of the leading recycling programs in the country (with a municipal solid waste recycling rate of 46 percent), a recent analysis found much more could be recycled with no net increase in costs.<sup>1</sup> Residential collection could grow by 34 percent (one-third more material across all households in the state) by deploying best practices statewide, creating public space recycling infrastructure, and improving processing efficiencies. The current residential recycling system in Minnesota is estimated to cost between \$61 and \$74 million to operate; the “optimized” recycling system modeled in this analysis would have an annual cost of \$64 million – so in the same range as the current system. Research consistently shows we have the opportunity to do better, even in high performing recycling states, but we need to have the policies, incentives, and leadership in place to implement the changes.

Another study in Minnesota shows the very different consequences of layering beverage container deposits on top of the existing recycling system. A deposit system in Minnesota, even though designed on paper to be “efficient,” would have little impact on recycling (moving the state’s recycling rate from 46 percent to about 48 percent), triple the cost of residential recycling in the state, disrupt recycling behavior for consumers, and take at least \$15 million in revenue away from existing recyclers.<sup>2</sup>

This rigorous analysis shows that once a comprehensive multi-material system is in place, it makes no sense to add a deposit; why then would it make sense to keep a deposit, when you are putting the finishing touches on a comprehensive state-wide system?

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<sup>1</sup> “Working Paper 2: Recycling Analysis,” Reclay StewardEdge for Recycling-Reinvented, January 11, 2014 at <http://marketbasedrecycling.com/marketbasedrecycling/wp-content/uploads/2014/01/RR-EPR-MN-Study-Working-Paper-2.pdf>

<sup>2</sup> “Recycling Refund System Cost Benefit Analysis,” Reclay StewardEdge for Minnesota Pollution Control Agency, January 2014 Draft.

## ***Policy Prescriptions***

Best practices for improving recycling are not a state secret. They are widely acknowledged by recycling professionals but the barriers to implementing them usually boil down to money. Where accompanied by proper investment in education and processing technology, adoption of single-stream collection captures the most material at the lowest cost. Using covered carts to collect the material and doing so on the same schedule as trash collection improves performance further. Enhancing this with a full range of recyclables, embedding recycling services in a single price for waste management, using incentives such as pay as you throw programs, and providing consistent recycling messaging and education all lead to the highest performing programs. Those that are there have produced amazing results. Those who aren't there represent the opportunity still in the system to recover more from households, either single family or multi family.

We saw these principles play out in the pilot program that our industry supported along with the grocery industry in Hartford several years ago when neighborhoods got carts for the first time along with education to bring single stream to the City. Investment at the Hartford materials recovery facility or MRF then enabled all the communities in the region to adopt single stream and thereby reduce collection costs and increase collection volumes.

The same principles are playing out today in capital investments being made by the Closed Loop Fund and the Recycling Partnership – two private-sector entities funded by multiple industries (including the beverage industry) to fund transitions to better, state of the art recycling systems in communities.

And we can see these prescriptions laid out in the legislation enacted in Delaware and in Vermont.

Outside the home, in public places and in workplaces, the same principles apply – providing convenient, parallel access to recycling means that whenever there is an opportunity to throw something away, there's also a recycling option. Driving that message home with education and outreach and the practices instilled by better at-home recycling leads to the very high performance seen in the best communities and states.

## ***Funding***

As noted earlier, access to funding to make the transition to best practices is the biggest reason why not every community is in the top-performing tier. Some kind of legislative stick along with the funding carrot can bring communities to that level. Vermont's Act 148's missed opportunities result from the lack of a funding mechanism.

SB 312 proposes a fee based on the Delaware model, where the fee was imposed on deposit containers after the repeal for a period of four years or until a target level of funds was achieved.<sup>3</sup> The use of the funding mechanism had a lot to do with the unique attributes of the deposit system

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<sup>3</sup> In fact, the state did not collect the amount of money originally planned, but the funding needs of stakeholders had been met and the fee was allowed to sunset as planned in December 2014.

in Delaware (deposits on beer and soft drinks bottles only, not on cans or on containers larger than 64 oz.)

We believe that a broader-based fee, at a lower level, would be an important alternative to consider. Our industry supports the 1¢ fee on all beverage containers that is part of H.646 in Massachusetts, for example. We have also supported broad-based gross receipts levies (so-called “litter taxes”) in place in a number of states from New Jersey to Washington.

We also believe that it is critical that these funds be dedicated to support for recycling implementation and litter control improvements – not channeled off to other programs. And we believe that the funds be disbursed consistent with best practices that are proven to improve recovery and to do so efficiently, rather than through simple formulas.

Collecting more data about that status of Connecticut recycling programs, opportunities for improvements, and infrastructure needs are some ways to get a better handle on the kinds of resources that would be needed to make the transition and to set Connecticut on a path to a modern materials recovery infrastructure, with the attendant economic and environmental benefits that go with it.<sup>4</sup>

Thank you very much for the opportunity to testify today.

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<sup>4</sup> Some of that work was begun in support of the Governor’s Modernizing Recycling Workgroup in 2012, but the group ended up focusing more on other issues.